

P-421, 405, 407, 430, 426, 520, 427/CI-87-76

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Petitions of Certain Subscribers in the Exchanges of Zimmerman, Prescott, Waconia, Belle Plaine, North Branch, Lindstrom, New Prague, Cambridge, Hudson, Houlton, LeSueur, Cannon Falls, Delano, Northfield, Buffalo, and Watertown for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area

ISSUE DATE: June 20, 1989

DOCKET NO. P-421, 405, 407, 430, 426, 520, 427/CI-87-76

ORDER IDENTIFYING ROUTES  
MERITING FURTHER CONSIDERATION,  
REQUIRING FURTHER INFORMATION,  
AND INITIATING AN INVESTIGATION

**PROCEDURAL HISTORY**

**I. An Overview of this Proceeding**

This proceeding is a consolidated proceeding to consider the petitions of subscribers from 16 different telephone exchanges for Extended Area Service (EAS) to the Twin Cities metropolitan calling area. Extended Area Service is a special form of interexchange telephone service which allows toll-free calling between two or more local exchanges.

The Commission consolidated these petitions into one proceeding because they raised common factual and policy issues. Consolidation was intended to guard against inconsistent adjudications and to ensure adequate development of the policy issues resulting from increasingly frequent requests to add outlying communities to the metropolitan calling area. Because of the complexity of the issues, the proceeding was divided into three phases.

Phase I was designed to elicit comprehensive information on the history and current composition of the metro calling area, and to bring together competing visions of its future. Phase II was intended to examine the individual petitions and determine which of the proposed routes were sufficiently likely to be in the public interest to justify conducting cost studies and developing proposed rates. Phase III was when the Commission would determine, on the basis of the evidence compiled in Phases I and II, and on the basis of the cost studies, rates, and subscriber polling results submitted in Phase III, which of the proposed routes were in the public interest and should be installed.

Phases I and II have now been completed.

## **II. Proceedings to Date**

Between September 10, 1985 and November 25, 1986, the Commission received petitions for Extended Area Service to the metropolitan calling area from subscribers in the following exchanges: Zimmerman; Prescott, Wisconsin; Waconia; Belle Plaine; North Branch; Lindstrom; New Prague; Cambridge; Hudson, Wisconsin; and Houlton, Wisconsin. Individual processing under the Commission's EAS review procedures, Minn. Rules, parts 7815.0700 through 7815.1500, was begun for some of the petitions.

On March 20, 1987, the Commission issued its ORDER VARYING RULE, ORDER CONSOLIDATING DOCKETS AND NOTICE AND ORDER FOR HEARING in In the Matter of the Petitions of Certain Subscribers in the Exchanges of Zimmerman, Prescott, Waconia, Belle Plaine, North Branch, Lindstrom, New Prague, Cambridge, Hudson, and Houlton for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area. This Order consolidated all pending petitions for EAS to the metro calling area, referred the matter to the Office of Administrative Hearings for contested case proceedings, and assigned a new docket number, P-421, P-405, P-407, P-430, P-426, P-520, P-427/CI-87-76. The Order also established the three-phase procedure described above.

On March 31, 1987, the Commission received a petition from certain subscribers in the LeSueur exchange requesting EAS to the metro calling area. That petition was assigned docket number P-421/CP-87-189. On April 10, 1987, the Commission issued its ORDER ADDING DOCKET TO CONSOLIDATED DOCKETS, including the LeSueur petition into the consolidated proceeding.

On April 17, 1987, the Commission received a petition from certain subscribers in the Cannon Falls exchange requesting EAS to the metro calling area. The Cannon Falls petition was assigned docket number P-407, P-421/CP-87-216.

On April 20, 1987, the Commission received a petition from certain subscribers in the Delano exchange requesting EAS to the metro calling area. The Delano petition was assigned docket number P-407, P-421/CP-87-219.

On June 9, 1987, the Commission issued its ORDER ADDING DOCKETS TO CONSOLIDATED DOCKETS, including the Cannon Falls and Delano petitions in the consolidated proceeding.

On June 11, 1987, the Commission received a petition for EAS to the metro calling area from subscribers in the Northfield exchange. The Northfield petition was assigned docket number P-421/CP-87-352.

On August 6, 1987, the Commission received a petition for EAS to the metro calling area from subscribers in the Buffalo exchange. The Buffalo petition was assigned docket number P-421/CP-87-506.

On August 17, 1987, the Commission received a petition from certain subscribers in the Watertown exchange for EAS to the metro calling area. The Watertown petition was assigned docket number P-421, P-407/CP-87-536.

On October 12, 1987, the Commission issued its ORDER ADDING DOCKETS TO CONSOLIDATED DOCKETS, including the Northfield, Buffalo and Watertown petitions in the consolidated proceeding.

Phase I evidentiary hearings were held in St. Paul from March 21, 1988 through April 4, 1988.

Phase II hearings were held in the petitioning exchanges other than Zimmerman between June 1, 1988 and October 24, 1988. Hearings in the Zimmerman exchange had been conducted January 8, 1987 as a part of the docket P-427, P-421/CP-85-652 proceedings.

A public hearing for existing metro calling area subscribers was conducted in St. Paul on July 15, 1988.

### **III. Parties**

At prehearing conferences held in this proceeding, the following were made additional formal parties to the consolidated proceeding: Office of the Attorney General; Waconia Chamber of Commerce and the City of Waconia; United Telephone Company; New Prague Opportunities, Inc.; Eckles Telephone Company; Central Telephone Company; Contel of Minnesota, Inc.; Wisconsin Bell Telephone Company, AT&T Communications of the Midwest, Inc.; Scott-Rice Telephone Company; GTE Wisconsin; the Minnesota Telephone Association; City of Prescott, Wisconsin; Belle Plaine Development Corporation; Committee for Citizens Access; Pat Mindrup on behalf of Petitioning Subscribers in the North Branch Exchange; Teish Caliguire on behalf of Petitioning Subscribers in the Lindstrom exchange; Cambridge Area Chamber of Commerce; City of Hudson, Wisconsin; Carolyn Barrette on behalf of Petitioning Subscribers in the Houlton, Wisconsin exchange of Wisconsin Bell Telephone Company; the LeSueur Subscriber Group; Lois Bauer on behalf of Petitioning Subscribers in the Cannon Falls exchange of Contel of Minnesota; the City of Delano; Marilyn Chalupnik on behalf of Petitioning Subscribers in the Buffalo exchange of Northwestern Bell Telephone Company; Larry W. Wachendorf on behalf of Petitioning Subscribers in the Northfield exchange of Northwestern Bell Telephone Company; the City of Watertown; and the Suburban Rate Authority.

### **IV. Appearances**

Appearances at the evidentiary hearings in this proceeding were as follows: Martin G. Weinstein, Gary J. Haugen and Charles A. Hoffman, Attorneys at Law, Maslon, Edelman, Borman & Brand, 1800 Midwest Plaza, Minneapolis, Minnesota 55402, appeared on behalf of Contel of Minnesota, Inc.;

W.R. Glaeser, Attorney at Law, 133 West First Street, Waconia, Minnesota 55387, appeared on

behalf of the Sherburne County Rural Telephone Company;

Maria A. Kendro, Attorney at Law, United Telephone System, Midwest Group, 5454 West 110th Street, Overland Park, Kansas 66211, appeared on behalf of United Telephone Company of Minnesota;

Stephen Refsell and Joan L. Volz, Attorneys at Law, Northwestern Bell Telephone Company, Room 1800, 200 South Fifth Street, Minneapolis, Minnesota 55402, appeared on behalf of Northwestern Bell Telephone Company;

Richard J. Johnson and Maureen Scott, Attorneys at Law, Moss & Barnett, 1200 Pillsbury Center, 200 South Sixth Street, Minneapolis, Minnesota 55402, appeared on behalf of Central Telephone Company and Eckles Telephone Company;

Gary R. Cunningham, Special Assistant Attorney General, 340 Bremer Tower, Seventh Place and Minnesota Street, St. Paul, Minnesota 55101, appeared on behalf of the Office of the Attorney General;

Margie Hendriksen, Joan C. Peterson and Dennis D. Ahlers, Special Assistant Attorneys General, 1100 Bremer Tower, Seventh Place and Minnesota Street, St. Paul, Minnesota 55101, appeared on behalf of the Minnesota Department of Public Service;

Tim Marx and John B. Van de North, Jr., Attorneys at Law, Briggs and Morgan, 2200 First National Bank Building, St. Paul, Minnesota 55101, appeared on behalf of AT&T Communications of the Midwest, Inc.;

Eldon J. Spencer, Jr., Attorney at Law, O'Neill, Burke, O'Neill, Leonard & O'Brien, 800 Norwest Center, St. Paul, Minnesota 55101, appeared on behalf of Communities for Citizen Access, municipal and subscriber groups formed in Cambridge, North Branch and New Prague for purposes of this proceeding;

Robert D. Gisvold and Dean L. Bussey, Attorneys at Law, Mackall, Crounse & Moore, 1600 TCF Tower, Minneapolis, Minnesota 55402, appeared on behalf of the City of LeSueur;

Timothy J. Looby, Attorney at Law, First National Bank Building, P.O. Box 7, Waconia, Minnesota 55387, appeared on behalf of Waconia Petitioners;

James D. Larson, Attorney at Law, Wurst, Pearson, Larson, Underwood & Mertz, 1100 First Bank Place West, Minneapolis, Minnesota 55402, appeared on behalf of Petitioner Belle Plaine Development Corporation;

Timothy K. Dillon, Attorney at Law, Fourth and Mill, Cannon Falls, Minnesota 55009, appeared on behalf of the Cannon Falls Petitioners;

David P. Hubert, Attorney at Law, First National Bank Building, P.O. Box 7, Waconia, Minnesota 55387, appeared on behalf of the City of Watertown;

Robert F. Mannella, Attorney at Law, 118 East Main Street, Anoka, Minnesota 55303 and David P. Newman, Attorney at Law, 6401 University Avenue N.E., Fridley, Minnesota 55432, appeared on behalf of the Zimmerman Subscriber Group;

James M. Strommen, Attorney at Law, LeFevre, Lefler, Kennedy, O'Brien & Drawz, 2000 First Bank Place West, Minneapolis, Minnesota 55402, appeared on behalf of the Suburban Rate Authority;

Karl W. Sonneman, Special Assistant Attorney General, and Diane Wells, Rates Analyst, Seventh Floor, American Center Building, 150 East Kellogg Boulevard, St. Paul, Minnesota 55101, appeared on behalf of the Minnesota Public Utilities Commission.

#### **IV. Proceedings Before the Commission**

The record closed on December 13, 1988, after notification to the parties of receipt by the Administrative Law Judge of the final post-hearing reply brief. The Administrative Law Judge issued his Findings of Fact, Conclusions and Recommendation on February 8, 1989. The parties subsequently filed exceptions to the Administrative Law Judge's Report and replies to exceptions.

The Commission heard oral argument from parties on April 26 and 27, 1989.

Appearances at oral argument were as follows: Joan L. Volz, Attorney at Law, appeared on behalf

of Northwestern Bell Telephone Company;

Richard J. Johnson, Attorney at Law, Moss & Barnett, appeared on behalf of Central, Eckles, Sherburne, and United Telephone Companies;

Charles Hoffman, Attorney at Law, Maslon, Edelman, Borman & Brand, appeared on behalf of Contel of Minnesota, Inc.;

Gary R. Cunningham, Special Assistant Attorney General, appeared on behalf of the Office of the Attorney General;

Mary Jo Murray, Special Assistant Attorney General, appeared on behalf of the Department of Public Service;

Dean Hauschildt, Mayor of the City of Prescott, appeared on behalf of the City of Prescott, Wisconsin;

James Hoeft, Attorney at Law, Herrick & Newman, P.A., City Attorney for the City of Zimmerman, appeared on behalf of the City of Zimmerman;

Dean Bussey, Attorney at Law, Mackall, Crounse & Moore, appeared on behalf of the City of LeSueur;

James D. Larson, Attorney at Law, Wurst, Pearson, Larson, Underwood & Mertz, appeared on behalf of the Belle Plaine Development Corporation;

John B. Van de North, Jr., Attorney at Law, Briggs and Morgan, appeared on behalf of AT&T Communications of the Midwest, Inc.;

James M. Strommen, Attorney at Law, LeFevre, Lefler, Kennedy, O'Brien & Drawz, appeared on behalf of the Suburban Rate Authority;

Timothy J. Looby, Attorney at Law, appeared on behalf of Waconia Petitioners;

Donald C. Lorsung, City Administrator of the City of Watertown, appeared on behalf of the City of Watertown;

Eldon J. Spencer, Jr., Attorney at Law, O'Neill, Burke, O'Neill, Leonard & O'Brien, appeared on behalf of Communities for Citizen Access, municipal and subscriber groups formed in Cambridge, North Branch, and New Prague for purposes of this proceeding;

Larry W. Wachendorf, petition sponsor, on behalf of petitioning ratepayers in the Northfield exchange.

Upon review of the entire record of this proceeding the Commission makes the following Findings, Conclusions, and Order.

## **Findings and Conclusions**

### **V. Jurisdiction**

The Commission has general jurisdiction over the provision of telephone service within the State of Minnesota under Minn. Stat. §§ 237.02 and 237.03 (1988). This matter was properly referred to the Office of Administrative Hearings under Minn. Stat. §§ 14.57-14.62 (1988) and Minn. Rules, parts 1400.0200 et seq.

### **VI. Further Administrative Review**

Under Minn. Rules, part 7830.4100 any petition for rehearing, reconsideration, or other post-decision relief must be filed within 20 days of the date of this Order. Under Minn. Stat. § 14.64 (1988), such petitions must be filed within 10 days to preserve petitioners' rights to judicial review. Such petitions must be filed with the Executive Secretary of the Commission, must specifically set forth the grounds relied upon and errors claimed, and must be served on all parties. The filing should include an original, 13 copies, and proof of service on all parties.

Adverse parties have ten days from the date of service of the petition to file answers. Answers must be filed with the Executive Secretary of the Commission and must include an original, 13 copies, and proof of service on all parties. Replies are not permitted.

The Commission, in its discretion, may grant oral argument on the petition or decide the petition without oral argument.

### **VII. Statement of the Issue**

The primary issue before the Commission at this point, the conclusion of Phases I and II, is which, if any, of the proposed routes show enough likelihood of being in the public interest to require the companies to conduct cost studies on them and develop proposed rates for them.

### **VIII. The Criteria for Evaluating Proposed Routes**

In its Order consolidating these petitions, the Commission sought the views of the petitioning communities, the companies, and intervening state agencies on broad policy issues such as the proper composition of the metropolitan calling area and the conceptual framework within which petitions for EAS to the metropolitan calling area should be examined. These inquiries were necessary because granting all the petitions would have substantially changed the configuration and scope of the metropolitan calling area. Its geographical area would have increased from 2,745 to 4,280 square miles; the longest distance between calling points would have jumped from 68 to 96



miles. The Commission believed that such changes should not occur piecemeal, without explicit consideration of their effects on existing metropolitan customers and their implications for future requests for expansion of the metropolitan calling area.

Having examined the record resulting from these inquiries, the Commission concludes it was correct to frame the issues as comprehensively as it did. The resulting record provides extensive information about the metro calling area, each petitioning exchange, and competing philosophies on the nature and purpose of Extended Area Service. Having examined the record in its entirety, the Commission concludes that its traditional approach to Extended Area Service, embodied in its rules, is sound and sufficiently comprehensive to serve as the standard for deciding this case.

The rules governing Extended Area Service provide that the Commission shall order installation of an EAS route whenever it finds that the public interest requires it. Minn. Rules, part 7815.1400. In determining the public interest, the Commission is to be guided by the following criteria, none of which is to be dispositive:

- A. the results of the traffic study;
- B. the cost study based on the embedded book cost;
- C. the proposed rates if extended area service is installed or removed;
- D. the size of the exchanges involved;
- E. the location of government, commercial, employment, and social centers for persons living within the petitioning exchange;
- F. the location of schools and school districts serving the petitioning exchange;
- G. the location of medical, emergency medical, law enforcement, and fire protection services serving the petitioning exchange;
- H. if installation is desired, the additional facilities that will need to be installed and the existing facilities that will be utilized and that will no longer be utilized;
- I. if removal is desired, what facilities will no longer be useful or reuseable for other services;
- J. when ordered by the commission, the results of any informational polling of the subscribers in one or both exchanges; and
- K. the average monthly toll billings per main station over the proposed route.

Minn. Rules, part 7815.1000.

The thrust of these rules is that Extended Area Service is to be installed when one exchange is so

linked with another that its subscribers routinely call the other exchange as part of their day to day calling.

Items D, E, F, and G, all relating to the degree of self-sufficiency enjoyed by the petitioning community, have come to be known as "community of interest" criteria. These criteria have traditionally played a major role in EAS determinations, since they help identify exchanges where subscribers' everyday calling needs outstrip the boundaries of their exchange. Items A and K, dealing with traffic volumes, are also important, since the amount of traffic flowing between the petitioning and petitioned exchanges provides an indication of how strong the ties between the two exchanges are. The remaining items, dealing with costs, rates, and technical feasibility, are essential for determining the ultimate issue of the public interest, since even the closest ties between communities will not justify installing a route whose expense will result in economic hardship, or even loss of telephone service, for current subscribers.

These rules, by their emphasis on the location of schools, medical facilities, local government offices, emergency service providers, commercial centers, employers, and existing calling patterns, demonstrate that Extended Area Service is not a discounted long distance service but a mechanism for ensuring that local calling areas meet the everyday calling needs of most of the subscribers within a given exchange. This is also clear from the "purpose and authority" section, part 7815.0200, which lists reflecting the geographical boundaries of customers' calling patterns and communities of interest among the reasons for adopting rules permitting the installation of Extended Area Service.

Extended Area Service is intended to correct those situations in which the boundaries of a telephone exchange no longer reflect the geographical area within which most of the exchange's subscribers live their daily lives. This geographical area is the exchange's "community of interest."

Unfortunately, there is no mechanical test for determining when an exchange's community of interest does not coincide with its toll-free calling area. The rules set forth factors to be considered, but they do not specify how much weight is to be given to each factor. To further complicate matters, the interests of different subscribers generally conflict, and there is usually tension between ensuring adequate local service and promoting universal service.

For example, in every local exchange, different subscribers have different everyday calling needs. A worker commuting daily from an outlying community to downtown St. Paul has a different local calling area than a senior citizen living in the same community. Similarly, the local calling areas of business and institutional subscribers are typically much larger than those of residential subscribers. When Extended Area Service is installed, however, all subscribers pay a monthly additive to reflect the expanded local calling area. Besides raising general fairness issues, this can conflict with Minnesota's longstanding policy of promoting universal telephone service. During the course of this proceeding, for example, scores of low income subscribers and persons living on fixed incomes have appeared at public hearings and filed letters opposing individual EAS petitions on grounds that the resulting rate increase would cause them financial hardship. At the same time, however, failing to install EAS in a proper case conflicts with the state's commitment to ensuring adequate local telephone service to all subscribers. Minn. Stat. § 237.06 (1988).

For these reasons, EAS determinations are among the most difficult and judgmental of those made by the Commission. Typically, the Commission must examine a lengthy factual record, balance the competing interests of different ratepayers, and avoid sacrificing either of the two goals of universal service or adequate service for the sake of the other. In deciding these cases, there is no avoiding heavy reliance on the Commission's institutional experience and expertise as a regulatory body.

#### **IX. None of the Metro-Wide Routes Merit Cost Studies**

In applying the principles set forth above to the 16 petitions at issue, the Commission has concluded that none of the petitioning exchanges have demonstrated a community of interest with the metropolitan calling area as a whole.

Community of interest is determined primarily by examining the location of the basic services listed in the rules (local government, schools, medical services, police and fire protection, employment, commercial and social centers), and secondarily by examining traffic volumes and patterns. These communities fail both tests as to the metropolitan calling area as a whole.

Although many of the petitioning communities can demonstrate interdependence under the rules' criteria with neighboring communities on the fringes of the metropolitan calling area, no community has demonstrated a comparable degree of interdependence (or even dependence) as to the metropolitan area proper. Children in communities whose schools are outside their municipal boundaries attend school in neighboring communities, not in downtown Minneapolis or St. Paul. People who live in towns without doctors choose attending physicians in nearby communities. The basic nature of the services listed in the rules requires that they be available substantially closer to the residents of petitioning exchanges than most portions of the metropolitan calling area.

The traffic studies in the record confirm the conclusions reached above. Although the traffic studies for most of the communities show fairly sizeable calling volumes to the metropolitan calling area, as the Administrative Law Judge (ALJ) found, most of the calling from petitioning exchanges was to neighboring exchanges. A much smaller but still discernible amount of the calling, especially in certain exchanges, was to the downtown areas. This led the ALJ to recommend that certain routes to the downtown areas proceed to Phase III.

The Commission disagrees with the ALJ on the downtown routes, in large part because none of the petitioning exchanges can be thought to be relying on either downtown area for the kinds of basic services enumerated in the rules and discussed above. Traffic distribution studies confirm that business customers call the downtown areas much more frequently than residential customers, substantially increasing total traffic volumes to the downtown areas. See Proprietary Exhibit No. 23, NWB Witness Reiersen's direct testimony, attachments 2A-5B.

The Commission agrees with the ALJ that business calling is local calling and should be taken into consideration in EAS determinations. At the same time, however, the Commission believes the primary focus should be on the daily calling needs of residential customers. The rules, for example, call upon the Commission to consider the location of basic services "for persons living within the petitioning exchange." Minn. Rules, part 7815.1000 E. They do not require consideration of the calling needs of businesses within the petitioning exchange, determination of local businesses' trade areas, or anything similar.

The omission is no doubt due to the rules' recognition of a fact noted earlier, that businesses and institutions generally have larger local calling areas than individuals. Besides raising general fairness issues, enlarging local calling areas to meet the everyday calling needs of businesses and institutions could increase costs to the point of jeopardizing universal service. Jeopardizing universal service to meet the needs of subscribers who can recover toll costs from customers and constituents is particularly problematic. Residential calling is therefore the touchstone for

determining local calling areas.

Another fact which must be considered in analyzing the ALJ's recommendation to consider creating EAS routes to the downtown areas is that, by all accounts, metropolitan subscribers have little interest in receiving EAS to the petitioning communities. Traffic studies show that the vast majority of metropolitan subscribers place no calls to the petitioning exchanges in any given month. ALJ Finding of Fact No. 62. Market research data in the record shows that metro subscribers have little interest in expanding their calling area, and that the interest that does exist decreases markedly when interviewees are asked if they are willing to pay anything for the expansion. ALJ Finding of Fact No. 60.

The market research also discloses that interest in expansion corresponds with income level; the more affluent the interviewee, the more likely it is he or she supports expansion of the metropolitan calling area. ALJ Finding of Fact No. 60. This again raises serious concerns about whether expanding the metropolitan calling area would adversely affect universal service.

Further, the market research confirmed that interest in expanding the metropolitan calling area was highest among metropolitan subscribers in communities bordering the petitioning exchanges. ALJ Finding of Fact No. 64. This suggests that EAS to neighboring portions of the metropolitan calling area may very well meet the calling needs of both petitioning communities and affected metropolitan subscribers.

The Commission does not believe that petitioning and petitioned exchanges must have equal interest in expanding their respective calling areas to justify installing an EAS route. Some mutual interest should be present, however. If the day to day calling needs of a petitioning exchange require frequent contacts with another exchange, those contacts can be expected to create a reciprocal need to call the petitioning exchange. The rules clearly contemplate such mutuality, since they provide that EAS costs shall normally be apportioned equally between the exchanges.

Finally, many of the petitioning communities argued that they should receive EAS because they are situated similarly to communities already within the metropolitan calling area. The Commission does not agree that this is the case. The calling needs of existing metropolitan exchanges were not the focus of this case, and they have not been fully developed or examined in the course of these proceedings. Every EAS petition involves highly discrete facts and circumstances and can be decided only on its own individual merits.

Wherever the line around the metro calling area is drawn, some communities will experience the frustration of being on what they perceive to be the wrong side of the line. The Commission regrets this, but considers it an inevitable result of its statutory duty to make these decisions.

## **X. The Commission Has and Accepts Jurisdiction of the Wisconsin Petitions**

Three of the routes proposed in this proceeding are interstate routes requested by subscribers in the Wisconsin exchanges of Prescott, Hudson, and Houlton. One of the parties to this proceeding, AT&T, argued that the Commission either lacked jurisdiction over such petitions or should, as a

matter of sound public policy, decline to exercise such jurisdiction. The Commission disagrees.

The Commission finds that it has jurisdiction over these petitions for the reasons set forth in the well reasoned opinion of Administrative Law Judge Richard DeLong, issued in this proceeding on June 10, 1987. Order Denying Summary Disposition for Lack of Jurisdiction. As that opinion makes clear, state and federal courts and the Federal Communications Commission (the FCC) have long been in agreement that state regulatory authorities, not the FCC, have jurisdiction over interstate traffic occurring within a single exchange or between exchanges linked by Extended Area Service.

Furthermore, the Commission does not agree with the suggestion that it should refrain from exercising its jurisdiction over the three interstate petitions. The Commission has a statutory responsibility to ensure that all telephone subscribers within the State of Minnesota receive adequate service. Discharging that responsibility may require seeking the cooperation of regulatory authorities in neighboring states to establish local calling areas adequate to meet the needs of Minnesota residents in border communities. Similarly, regulatory authorities in neighboring states may find it necessary to seek Minnesota's cooperation to meet their citizens' local calling needs.

Comity requires that state regulators assist one another in fulfilling their responsibilities. The Commission has cooperated with other state commissions in the past, as is demonstrated by the fact that all three of the petitioning Wisconsin communities currently have Extended Area Service to Minnesota communities. The Commission's decision that these communities do not share communities of interest with other Minnesota exchanges does not signal a retreat from Minnesota's established policy of interstate cooperation.

## **XII. Action on Individual Petitions**

Although none of the petitioning exchanges have established a community of interest with the metropolitan calling area as a whole, many of them have demonstrated communities of interest with individual exchanges or wire centers within that calling area. The Commission agrees with the Administrative Law Judge that, although the metropolitan calling area is sometimes treated as though it were a single exchange, it is actually a group of interconnected exchanges. This is obvious from the fact that some exchanges within the calling area, especially the outermost exchanges, have Extended Area Service with exchanges which are not so linked with the entire metropolitan calling area.

Similarly, the fact that Northwestern Bell charges different rates to customers within different "tiers" of the metropolitan calling area demonstrates that these customers actually reside in different exchanges. (By rule, the definition of an exchange is a service unit for which a separate rate is charged. Minn. Rules, part 7810.0100, subp. 14.)

The further one goes toward the central business district, the less distinct exchange boundaries become. As the ALJ's treatment of the historical development of the metropolitan calling area makes clear, however, even individual areas within the corporate boundaries of Minneapolis and St. Paul were once recognized as separate exchanges. They were interconnected as a result of policy decisions such as the ones the Commission must make in this case, and they have been

interconnected for so long that they have come to be viewed as a single exchange. They have not been transformed into a single exchange, however. The Commission agrees with the Administrative Law Judge that, where exchange boundaries are otherwise indiscernible, wire centers are roughly the equivalent of exchanges.

Furthermore, the Commission agrees with the Residential Utilities Division of the Office of the Attorney General that, even if the metropolitan calling area were a single exchange, the Commission's authority and responsibility to ensure adequate local service would extend to establishing inter-exchange calling routes which included less than entire exchanges. The Commission's duty to ensure adequate local calling areas to Minnesota subscribers would not permit a cramped reading of its statutory authority.

On the basis of the criteria discussed above, the Commission takes the following action on the 16 individual petitions.

### **Belle Plaine**

The ALJ recommended that EAS routes between Belle Plaine and Shakopee and Belle Plaine and Jordan be further investigated. The Commission agrees, and would add Chaska to the list of potential EAS routes.

The Shakopee route bears further investigation largely because Shakopee is the county seat for the majority of Belle Plaine subscribers. County seat location is an indicator of community of interest. Residents have predictable and recurring needs to contact the county in regard to property taxes and property records; jury duty and other litigation-related matters; birth, death, and marriage records; public assistance benefits; and other services administered or provided by county government. The same considerations prompt further investigation of EAS to Chaska, the county seat for subscribers in the northern, Carver County portion of the exchange.

Routes to Chaska and Jordan should also be investigated because of Belle Plaine's size and because these exchanges are adjacent to Belle Plaine. As the rules recognize by requiring consideration of exchange size, exchanges the size of Belle Plaine (1,669 access lines) frequently have extensive contacts with neighboring communities. They often do not have within their borders all the services and institutions, such as hospitals, retail centers, voluntary associations, and churches, which their residents use on a regular basis. The record demonstrates, for example, that Belle Plaine subscribers rely on neighboring exchanges, particularly Shakopee, for hospital care and retail services. Also, everyday social relationships in these communities often cross exchange boundaries, since residents may work, attend church, do volunteer work, and shop in different communities. Belle Plaine's size, coupled with its lack of EAS to any other exchange, justifies further consideration of the claim that its local calling area is too restrictive.

Traffic studies tend to confirm the conclusions reached above. They show high volumes of toll calling to neighboring exchanges, particularly Jordan, Chaska, and Shakopee. In fact, almost half of all toll calls from Belle Plaine to the metropolitan calling area were made to these three exchanges. Clearly, these routes should proceed to Phase III for further examination.

### **Zimmerman**



The Commission agrees with the Administrative Law Judge that the Zimmerman exchange appears to share a community of interest with Anoka and Elk River and that EAS routes to those two communities should proceed to Phase III.

Zimmerman does not have junior or senior high schools within its city limits. Students in those grades attend school in Princeton, a community with which Zimmerman already has EAS, or Elk River.<sup>1</sup> Shared educational facilities is one of the strongest indications of community of interest, because parents, teachers, school administrators, and classmates need to communicate with one another on an everyday basis. Furthermore, Elk River is the county seat of Sherburne County, where the city of Zimmerman is located. The importance of county government services in determining communities of interest has been discussed above. Finally, the traffic studies show high volumes of calling between Zimmerman and Elk River, confirming the existence of close ties between the two communities. Clearly, an EAS route with Elk River merits further consideration.

An EAS route to Anoka should also be explored because of the size of the two exchanges, their proximity, and because the traffic studies suggest close ties between them.

The traffic studies also demonstrate that Zimmerman's ties with Anoka and Elk River are much closer than those with other portions of the metro calling area; toll traffic from Zimmerman is heavily concentrated in these two exchanges.

Zimmerman currently has EAS routes linking it with Big Lake, Glen-Santi, and Princeton. Apart from the concerns noted above, the everyday calling needs of Zimmerman subscribers appear to be met by the local exchange, as expanded by these routes.

### **North Branch**

The ALJ recommended that EAS routes between North Branch and Isanti, Wyoming, and Forest Lake be examined in Phase III. The Commission agrees as to Wyoming and Forest Lake.

Although North Branch is linked by EAS with the Almelund and Rush City exchanges, its size and location also suggest a strong likelihood of significant ties with Isanti, Wyoming, and Forest Lake. Record evidence indicates that North Branch subscribers rely on neighboring exchanges, especially Forest Lake, for medical care, hospital care, entertainment, and social activities.

The traffic study data, however, has led the Commission to eliminate the Isanti route from further

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<sup>1</sup>Some students in the Isanti County portion of the exchange attend school in St. Francis, which is in the Oak Grove exchange. Despite this indication of community of interest, however, calling volumes to the Oak Grove exchange are not high enough to support a finding of community of interest. Although traffic is secondary to the location of basic services in determining community of interest, it can tip the balance in any given case. Small calling volumes can demonstrate the absence of a community of interest, and large calling volumes can be a strong indication of its presence.

consideration and to limit the scope of Phase III to the Wyoming and Forest Lake routes. Traffic data demonstrates that North Branch residents make only about half as many calls to Isanti as to Wyoming. The discrepancy between calls to Isanti and calls to Forest Lake is also very wide. Wyoming and Forest Lake are the clear leaders among the metropolitan exchanges receiving traffic from North Branch, and they are the only exchanges the Commission believes it appropriate to consider further in Phase III.

### **Lindstrom**

The Administrative Law Judge recommended that routes between Lindstrom and Forest Lake, Scandia-Marine, White Bear Lake, and the downtown exchanges proceed to Phase III. The Commission believes that the evidence supports a community of interest finding as to the Forest Lake and Scandia-Marine routes only.

The Lindstrom exchange is currently linked by EAS with the Almelund, Taylors Falls, and Osceola, Wisconsin exchanges. The Forest Lake and Scandia-Marine exchanges, however, are also adjacent to the Lindstrom exchange. As discussed earlier, adjacency is in itself some evidence of close ties between exchanges the size of these.

Record evidence also shows that Forest Lake is a primary retail center for residents of the Lindstrom exchange. Also, Lindstrom is part of a consolidated school district which includes portions of the Scandia-Marine exchange. As discussed earlier, school district boundaries are strong indicators of community of interest, since parents, teachers, school administrators, and classmates frequently need to contact one another. Forest Lake and Scandia-Marine therefore show strong indications of sharing communities of interest with Lindstrom, based on size, adjacency, school district boundaries, and location of commercial centers.

Finally, traffic studies confirm both that Forest Lake and Scandia-Marine have close ties with Lindstrom and that those ties are substantially closer than ties between Lindstrom and any of the other exchanges in the metropolitan calling area. Forest Lake and Scandia-Marine receive the greatest proportion of toll calls from Lindstrom to the metropolitan calling area.

Routes between Lindstrom and Forest Lake and Lindstrom and Scandia-Marine will proceed to Phase III for further examination.

### **Cannon Falls**

The ALJ recommended that an EAS route between Cannon Falls and Hastings proceed to Phase III for further consideration. The Commission agrees.

There is ample evidence in the record of a community of interest between Cannon Falls and Hastings. Hastings is the county seat of Dakota County, where a portion of the exchange's subscribers reside. A small but identifiable number of children in the Cannon Falls exchange attend school in the Hastings exchange. Finally, the Cannon Falls and Hastings exchanges are neighboring

exchanges. As discussed before, adjacency, school district boundaries, and county lines are all important considerations in examining potential communities of interest.

Finally, the traffic studies demonstrate a higher volume of traffic between Cannon Falls and Hastings than between Cannon Falls and other exchanges within the metropolitan calling area. This further reinforces the Commission's conclusion that Hastings is the only exchange within the metropolitan calling area with which Cannon Falls shares a community of interest.

### **Delano**

The ALJ recommended that EAS routes between Delano and the Rockford, Wayzata, and downtown exchanges be examined in Phase III. The Commission agrees, except as to the downtown exchanges.

The Commission finds communities of interest between Delano and Rockford and Delano and Wayzata on the basis of the size of the Delano exchange (1,994 access lines), geographical proximity, and

traffic data indicating much higher calling volumes from Delano to Rockford and Wayzata than to other metropolitan calling area exchanges.

Approximately 10 square miles of the Delano exchange is located in Hennepin County, whose county seat is Minneapolis. Although the location of county seats is relevant to community of interest determinations, it is not dispositive. In this case, given the small size of the area involved, the small number of people (the area in question is not within the corporate boundaries of any municipality), and the lack of other evidence of a community of interest, the Commission will not require that an EAS route between Delano and county offices in Minneapolis proceed to Phase III.

### **Buffalo**

The ALJ recommended that EAS routes between Buffalo and the Rockford, Hanover, Hamel, Fernbrook, and downtown exchanges proceed to Phase III. The Commission agrees as to Rockford only.

The Commission assumes that the ALJ included Hanover, Hamel, and Fernbrook in his recommendation for purposes of providing a "corridor" to the downtown exchanges. This assumption is based on the Commission's understanding of the ALJ's reasoning, which relies heavily on traffic volumes. Since the Buffalo-Hanover, Buffalo-Hamel, and Buffalo-Fernbrook routes do not have the traffic volumes he normally required to proceed to Phase III, the Commission assumes they were included for purposes of forming a corridor to the downtown exchanges, which did meet his traffic requirements.

The Commission rejects the recommendation for an EAS route between Buffalo and the downtown exchanges for the reasons set forth in its earlier discussion rejecting metro-wide routes. The Commission rejects the routes linking Buffalo with Hanover, Hamel, and Fernbrook, because there are no serious indications that Buffalo shares a community of interest with these exchanges.

The Commission finds that a community of interest exists between Buffalo and Rockford on the basis of the size of the Buffalo exchange, its adjacency to the Rockford exchange, and traffic data indicating much higher calling volumes from Buffalo to Rockford than to other exchanges in the metropolitan calling area. A Buffalo-Rockford route will proceed to Phase III for further consideration.

### **Watertown**

The ALJ recommended that an EAS route between Watertown and Wayzata proceed to Phase III. The Commission agrees.

Watertown is linked by EAS with all adjacent exchanges in the metropolitan calling area, removing one important indicator of community of interest, adjacency, from consideration. Another important indicator, county seat location, does not command its usual importance, since traffic volumes to Chaska, the county seat, do not reach levels which would suggest a community of interest.

The Wayzata exchange, however, is close to Watertown and receives traffic from Watertown at levels suggesting close ties between the two exchanges. In fact, traffic levels from Watertown to Wayzata are much higher than those from Watertown to any other metro area exchange. The Commission will therefore allow the Watertown-Wayzata route to proceed to Phase III on the basis of size, proximity, and traffic levels.

### **New Prague**

The ALJ recommended that New Prague not receive Extended Area Service to any exchange in the metro calling area. The Commission disagrees.

The New Prague exchange is small, serving 3,255 access lines. It includes one small town, New Prague, and the rural area surrounding it. As discussed earlier, communities this size often have strong, close ties with neighboring communities. Residents' everyday activities and social circles tend to cross exchange boundaries. Such exchanges' true communities of interest are often wider than their local calling areas. This is especially likely in a case like New Prague's, where the exchange does not have EAS with any other exchange.

The traffic data bears out the observations above; the bulk of toll calling to the metro calling area from the New Prague exchange is to neighboring exchanges.

The Commission will therefore direct that routes between New Prague and the following metro exchanges proceed to Phase III: Shakopee, Prior Lake, Jordan, and New Market. These were selected on the basis of adjacency, traffic volumes, and, in the case of Shakopee, location of the county seat. They will be further examined in Phase III.

### **Waconia**

The ALJ recommended no change to Waconia's existing local calling area. The Commission agrees.

The Waconia exchange is currently linked by Extended Area Service with all neighboring exchanges in the metro calling area -- Chaska, St. Bonifacious, and Victoria, and with two neighboring non-

metro exchanges -- Cologne and Norwood. These are the exchanges with whom Waconia residents share a community of interest, and these linkages create a local calling area which meets the daily calling needs of most Waconia residents. All exchange residents can reach their local schools and county government with a toll free call. Emergency services, health care providers, a hospital, an extended care facility, banking services, and retail facilities are all located within the exchange's toll-free calling area.

The traffic data confirms the Commission's analysis of the exchange's community of interest. It reveals no widespread pattern of heavy toll usage. In fact, it shows that 5% of the subscribers generate 34% of all toll calls to the metro calling area.

The Commission agrees with the ALJ that Waconia's local calling area need not be extended further into the metro calling area to meet the needs of its subscribers.

### **Cambridge**

The ALJ recommended no change to Cambridge's existing local calling area. The Commission agrees.

Cambridge is the county seat of Isanti County. The local public schools are all located within the exchange boundaries. The city of Cambridge has a medical clinic, a hospital, an extended care facility, retail establishments, eight churches, and two private golf courses. It has six employers with payrolls of over 100 people, including Cambridge State Hospital and Control Data Corporation. Cambridge is more self-contained than most of the petitioning communities. Furthermore, Cambridge currently has EAS to the neighboring exchanges of Isanti and Braham.

The traffic data, too, suggests that the majority of subscribers in Cambridge do not require a larger local calling area to meet their everyday calling needs. Traffic volumes to the metro area from Cambridge were among the lowest of the petitioning communities.

The Commission agrees with the ALJ that the record does not show a need for additional metro EAS routes for the Cambridge exchange.

### **LeSueur**

The ALJ recommended no EAS routes between LeSueur and the metro calling area. The Commission agrees.

There is no evidence in the record suggesting interdependence or even close ties between the LeSueur exchange and any of the exchanges in the metro calling area. The LeSueur exchange has its own schools, a medical clinic, a hospital, an extended care facility, retail establishments, and 13 major employers. Residents who work outside the exchange commute not only to the metro area but also to LeCenter, St. Peter, and Mankato.

Exchange residents cannot reach county services with a toll free call. The petition does not, however, seek an EAS route to the county seat, which is LeCenter.

The traffic studies confirm the Commission's interpretation of the community of interest indications. LeSueur had fewer calls to the metro area than any other petitioning exchange. The Commission agrees with the ALJ that it is not necessary to expand the local calling area of the LeSueur exchange into the metro area.

### **Northfield**

The ALJ did not recommend expanding the local calling area of the Northfield exchange into the metropolitan calling area. The Commission agrees.

The Northfield exchange, with 6,992 access lines, is considerably larger than most of the petitioning exchanges. It is also substantially more self-contained.

The exchange contains within its boundaries all the public schools for the city of Northfield, 2,980 manufacturing jobs, 12,960 non-manufacturing jobs, health care providers, a hospital, two extended care facilities, retail establishments, and two colleges of national reputation.

The evidence adduced in support of the petition relied heavily on the communications and computer needs of the two colleges, the hospital, and local law enforcement authorities. There was no evidence that even a significant minority of individual subscribers needed a larger local calling area to meet their recurring, day to day calling needs.

The Commission agrees with the ALJ and will not include any Northfield EAS routes in Phase III of this proceeding.

### **Prescott, Wisconsin**

The ALJ recommended that EAS routes between Prescott and Cottage Grove and Prescott and the downtown St. Paul wire center proceed to Phase III. The Commission disagrees.

Prescott is already linked by EAS with the Hastings exchange, the only Minnesota exchange with which it appears to share a community of interest. The Hastings exchange is adjacent to the Prescott exchange. Hastings is cited in the city's official promotional material, The Prescott Economic Profile, as a source of health services and hospital care. It is the only non-Wisconsin community cited as the location of such essential services. Other references to Minnesota communities emphasize the business, cultural, and recreational advantages of being located close to the Twin Cities metropolitan area. Such contacts do not indicate a community of interest.

Prescott has within its local calling area elementary and secondary public and church-related schools, a medical clinic, a hospital, an extended care facility, retail establishments, and an outstanding park and recreational system. It is located in Pierce County, and its county seat is of course in Wisconsin. Much of the evidence offered in support of the petition focused on ties between Prescott businesses and institutions and the metropolitan business and professional communities. There was no demonstration, however, that the local calling area of either Prescott or metropolitan subscribers was inadequate by reason of their failure to coincide.

### **Hudson, Wisconsin**

The ALJ recommended that EAS routes between Hudson and Stillwater, Maplewood, and downtown St. Paul proceed to Phase III. The Commission disagrees.

Hudson is already linked by EAS with the Houlton, Wisconsin and Afton, Minnesota exchanges. The Commission does not believe that the day to day calling needs of its subscribers require further Minnesota EAS routes.

The Hudson exchange has 5,921 access lines, and is therefore not an exchange whose size suggests the probability of a symbiotic relationship with another community. Other community of interest indicia are not present, either. Within its exchange boundaries Hudson has elementary and secondary public schools, a medical clinic, a hospital, retail establishments, and county government offices. There has been no showing that the day to day calling needs of Hudson subscribers or metropolitan area subscribers are not being met by the present boundaries of the Hudson exchange.

### **Houlton, Wisconsin**

The Administrative Law Judge recommended that EAS routes between Houlton, Wisconsin and the Park Row, Maplewood, and downtown St. Paul wire centers proceed to Phase III. The Commission disagrees.

The Houlton exchange has 769 access lines and is made up of the Wisconsin cities of Houlton and St. Joseph. The Houlton exchange is currently linked by EAS routes with the Stillwater and Afton exchanges in Minnesota and with the Hudson exchange in Wisconsin. Hudson is its county seat.



In large part due to previously established EAS routes, public schools, health care providers, hospital services, retail establishments, and government services are all available within Houlton's local calling area. The evidence in the record does not establish a need on the part of Houlton or metropolitan subscribers for further Minnesota EAS routes.

### **XIII. Compensation Issues in InterLATA Routes**

One of the routes the Commission has determined should proceed to Phase III for further evaluation, the one between Cannon Falls and Hastings, crosses a LATA boundary. This raises the issue of what compensation may be due interLATA carriers currently carrying this traffic, should the route be converted to an EAS route. The primary carrier, AT&T, has argued it should be compensated for diminution in the value of its franchise as well as for out-of-pocket expenses associated with such a conversion.

The Commission believes this issue can best be examined during Phase III, when cost issues will be thoroughly examined. To ensure that all necessary information is available at that time, the Commission will require interested interexchange carriers to identify and submit for consideration both projected lost revenues from loss of the Cannon Falls-Hastings route and all anticipated out-of-pocket expenses, including any stranded investment.

#### **XIV. Adequacy of Telephone Service to the City of Randolph**

In his consideration of the Northfield and Cannon Falls petitions, the Administrative Law Judge became aware of an unusual service situation in the City of Randolph. Because of the historical development of the Northfield and Cannon Falls exchanges, most Randolph residents are served by Northwestern Bell's Northfield exchange, while a few receive service from Contel's Cannon Falls exchange. Calls between the two exchanges are toll calls. This results in some calls entirely within the city of Randolph being toll calls. The ALJ suggested that the Commission initiate an investigation into the adequacy of telephone service within the city of Randolph.

The Commission agrees that this situation merits examination, and will initiate an investigation under Minn. Stat. § 237.081. The Commission will require the Department of Public Service to conduct an investigation and submit a report on the adequacy of service to Randolph and on whether further Commission action is necessary.

#### **XV. The Continuing Appropriateness of the Tier System**

In its Notice and Order for Hearing, the Commission asked the parties to address, and the Administrative Law Judge to examine, whether Northwestern Bell's tier rate structure continued to meet the needs of the region more effectively than alternative rate structures. The ALJ found that the system continued to be serviceable, and that questions regarding effective alternatives were in many ways beyond the scope of this proceeding.

The Commission agrees that, although an understanding of the tier system is essential to an understanding of many of the issues in this case, the question of whether it continues to be the best available rate design merits a separate proceeding. The Commission will commit this issue to staff review and will direct staff to report on whether the matter requires formal Commission action at this time.

#### **XVI. Trial of Optional One-Way Calling Plans as EAS Alternatives**

The Commission directed in its Notice and Order for Hearing that alternatives to traditional mandatory two-way EAS service be explored in the course of this proceeding. In response to that directive, Northwestern Bell proposed optional one-way calling plans for its Cambridge, Buffalo, North Branch, and LeSueur exchanges. Under these plans, customers could choose to expand their toll-free calling areas in set increments, including toll-free calling to the entire metropolitan calling area as the most extensive and costliest alternative.

The Commission believes such proposals may offer a useful form of local service for customers whose day to day calling needs encompass a larger geographical area than their local exchange. As discussed above, the Commission is keenly aware that the legitimate local calling needs of various subscribers differ. Since their ability to afford an expanded local calling area also differs, the Commission is faced with the delicate task of establishing a local calling area large enough to meet the needs of a majority of subscribers and small enough to avoid any significant adverse impact on

universal service. This conflict ensures that a small but identifiable number of subscribers in every exchange, particularly exchanges bordering metropolitan areas, will be faced with a local calling area which does not meet their needs. Plans such as those introduced by Northwestern Bell are an intriguing and potentially promising approach to this dilemma. The Commission will require the Company to file cost studies and proposed rates for optional one-way calling plans for its Cambridge and LeSueur exchanges, for further consideration as trials in Phase III.

The Administrative Law Judge expressed concern about the possibility that one-way optional calling plans may run afoul of the statutory prohibition against geographical deaveraging of toll rates. The Commission is convinced, however, that plans such as those treated above are not discounted toll plans, but bona fide efforts to address the fact that the local service needs of different customers vary.

### **XVII. Phase III**

The next phase of this proceeding will deal with cost and rate issues. It will include polling of affected subscribers, when necessary to determine their level of interest in routes which appear likely to be in the public interest. At the end of Phase III the Commission will determine, on the basis of the community of interest determinations already made, and the cost, rate, traffic, and subscriber polling information yet to be secured, which, if any, EAS routes are required by the public interest and should be installed.

## **ORDER**

1. All petitions submitted herein for the installation of Extended Area Service to or from the metropolitan calling area as a whole are denied.
2. The following Extended Area Service routes shall be examined in Phase III for a determination as to whether the public interest requires their installation:
  - a. Zimmerman -- Anoka
  - b. Zimmerman -- Elk River
  - c. Belle Plaine -- Shakopee
  - d. Belle Plaine -- Jordan
  - e. Belle Plaine -- Chaska
  - f. North Branch -- Wyoming
  - g. North Branch -- Forest Lake
  - h. Lindstrom -- Forest Lake
  - i. Lindstrom -- Scandia-Marine
  - j. Cannon Falls -- Hastings
  - k. Delano -- Rockford
  - l. Delano -- Wayzata
  - m. Buffalo -- Rockford
  - n. Watertown -- Wayzata
  - o. New Prague -- Shakopee
  - p. New Prague -- Prior Lake
  - q. New Prague -- Jordan
  - r. New Prague -- New Market



3. For each of the foregoing routes, affected local telephone companies shall provide the following information within 90 days of the date of this Order:

- a. Two-way traffic studies;
- b. Traffic distribution studies showing traffic from both directions of each route;
- c. Separate cost studies for the installation of each route and cost studies including cost savings where more than one route has been identified for an exchange.

4. Northwestern Bell Telephone Company shall file cost studies and proposed rates for a potential trial offering of its proposed optional one-way calling plan for its Cambridge and LeSueur exchanges within 90 days of the date of this Order.

5. Inter-exchange carriers serving the Cannon Falls - Hastings route shall make a filing containing their projections of lost revenues and projected out-of-pocket expenses which would result from any conversion of that route to an EAS route, within 120 days of the date of this Order.

6. The Department of Public Service shall conduct an investigation of the adequacy of local telephone service to residents of the city of Randolph and submit its report to the Commission within 60 days of the date of this Order. This investigation shall proceed under docket number P-407, 421/CI-89-396.

7. Commission staff shall review the appropriateness of Northwestern Bell Telephone Company's metropolitan tier rate structure and advise the Commission regarding the advantages and disadvantages of initiating a separate proceeding to examine the rate design issues raised by the tier system.

8. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen  
Executive Secretary

(S E A L)